

## Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 EURE-00 NSC-05 NSCE-00 PM-03 EB-03

MC-01 INR-05 CIAE-00 /040 W  
----- 027796

P R 051751Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9859

INFO SECDEF WASHDC PRIORITY

AMEMBASSY ROME

S E C R E T SECTION 01 OF 02 BONN 07245

LIMDIS/NOFORN

SECDEF FOR DDR&E

E.O. 11652: GDS

TAGS: MARR, MASS, MMOL, EAIR, IT, NATO, GW

SUBJECT: POSSIBLE U.S. INTEREST IN ITALIAN-DEVELOPED  
ANTI-TANK HELICOPTERS

REF: ROME 5951

BEGIN SUMMARY: EMBASSY BO URGES THAT THE U.S. NOT REPEAT NOT INVOLVE ITSELF IN ANY DIFFICULTIES WHICH THE ITALIANS AND GERMANS MAY BE ENCOUNTERING IN DEVELOPING THEIR MBB BO-115 ANTI-TANK HELICOPTER. AS A GENERAL RULE, THE U.S. HAS AVOIDED ANY ATTEMPT--OR ANY SUSPICION OF AN ATTEMPT--TO SUBSTITUTE AMERICAN EQUIPMENT FOR THAT BEING DEVELOPED JOINTLY BY THE FRG AND ONE OF OUR OTHER ALLIES. THE PRINCIPLE IS A GOOD ONE AND EMBASSY ROME PROPERLY CALLED IT TO COUNT AGUSTA'S ATTENTION. MOREOVER, SPECIAL CIRCUMSTANCES DETAILED BELOW MAKE IT EVEN MORE IN U.S. INTEREST TO PLAY THE ROLE OF "CAESAR'S WIFE" IN THIS CASE. END SUMMARY

1. AS ADDRESSEES ARE AWARE, THE FRG HAS LONG BEEN ONE  
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OF THE PRINCIPAL PURCHASERS OF U.S. MILITARY EQUIPMENT.

THE FRG IS ALSO IN THE FOREFRONT OF THOSE COUNTRIES WITH WHICH WE ARE ENGAGED IN MUTUAL PROGRAMS FOR WEAPONS DEVELOPMENT. TO DO ANYTHING WHICH MIGHT HARM THIS LONG-STANDING AND MUTUALLY-BENEFICIAL RELATIONSHIP WOULD BE EXTREMELY INADVISABLE. EMBASSY BONN BELIEVES THAT ANY U.S. ENCOURAGEMENT TO THE ITALIANS IN FAVOR OF THEIR A-129 WOULD INEVITABLY COME TO THE KNOWLEDGE OF THE FRG WITH ALL THE LOSS OF MUTUAL TRUST AND COOPERATION WHICH THAT WOULD ENTAIL.

2. IF ITALIAN PARTICIPATION IN THE JOINT FRG/ITALIAN ANTI-TANK HELICOPTER PROGRAM IS AS SHAKY AS COUNT AGUSTA AFFIRMS, IT MAY COLLAPSE OF ITS OWN WEIGHT. AT THAT TIME, THERE WOULD BE NO OBJECTION TO APPROACHING THE ITALIANS CONCERNING A U.S./ITALIAN A-129 PROJECT. HOWEVER, TO "HELP THE ITALIAN ARMY FIND THE COURAGE NECESSARY TO SEEK THEIR OWN INTERESTS INDEPENDENT OF THE BUNDESWEHR," (PARA 8, REFTEL) MAY NOT BE A CORRECT POLICY IF ITALIAN INTERESTS DO NOT COINCIDE WITH OUR OWN.

3. THE FACT THAT THESE INTERESTS DIFFER, OR ARE AT LEAST NOT IDENTICAL, IS EVIDENCED BY THE FACT THAT MANY MAJOR U.S. FIRMS HAVE A FINANCIAL INTERESTS IN THE SUCCESSFUL DEVELOPMENT OF THE MBB BO-115. BOEING/VERTOL IS THE AMERICAN LICENSEE; IN ADDITION BOEING OWNS 30 PERCENT OF MBB. EITHER ALLISON OR LYCOMING IS EXPECTED TO GET THE CONTRACT TO SUPPLY THE ENGINES. THREE U.S. FIRMS INCLUDING GENERAL ELECTRIC, NORTHROP AND HUGHES AIRCRAFT ARE AMONG THOSE FAVORED TO OBTAIN THE CONTRACT FOR THE FIRE CONTROL SYSTEM. THE RADAR WARNING SYSTEM WILL PROBABLY BE EITHER LEAR SIEGLER OR E-SYSTEMS. THIS BY NO MEANS EXHAUSTS THE LIST OF INTERESTED U.S. COMPANIES. OBVIOUSLY, THESE FIRMS WOULD QUESTION ANY U.S. INTERFERENCE WITH THE BO-115 PROGRAM.

4. THE FOLLOWING IS OUR UNDERSTANDING OF THE CURRENT STATUS OF THE MBB BO-115 PROJECT.

A) THE FRG IS CURRENTLY COMPLETING THE  
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DEFINITION PHASE. THE NEXT STEP WILL BE CONTRACTING FOR PROTOTYPES FOR DELIVERY IN JUNE 1976. THE ONLY HELICOPTER BEING SERIOUSLY CONSIDERED AT THIS TIME IS THE MBB BO-115 WHICH WILL BE PART OF A FAMILY OF HELICOPTERS.

B) SINCE THE RECENT MBB PROPOSAL IS ONE AND ONE-HALF TO TWO TIMES FRG PLANNING COSTS, FEDERAL MINISTRY

OF DEFENSE (FMOD) AUTHORITIES BELIEVE THAT THE FIRM MAY  
BE TAKING ADVANTAGE OF ITS SOLE SOURCE POSITION. THE

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P R 051751Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 9860

INFO SECDEF WASHDC PRIORITY

AMEMBASSY ROME

S E C R E T SECTION 02 OF 02 BONN 07245

LIMDIS/NOFORN

PROPOSAL ALSO PROVIDED FOR AN INITIAL OPERATIONAL  
CAPABILITY OF 1980 INSTEAD OF 1979 AS PLANNED. THE FMOD  
HAS REQUESTED MBB TO RE-EVALUATE ITS PROPOSAL.

C) SOME FACTIONS IN THE FMOD ADVOCATE AN OPEN  
COMPETITION FOR THE ANTI-TANK HELICOPTER REQUIREMENT.  
THIS WOULD ALLOW THE A-129 TO COMPETE ON ITS OWN MERITS.  
HOWEVER, EMBASSY BONN DOES NOT CONSIDER AN OPEN  
COMPETITION TO BE LIKELY FOR A VARIETY OF REASONS. THESE  
INCLUDE GERMAN UNEMPLOYMENT PROBLEMS, THE REQUIREMENT  
FOR THE FRG TO MAINTAIN A HELICOPTER PRODUCTION BASE,  
THE GERMAN DESIRE TO AVOID FURTHER PROGRAM DELAYS, AND  
THE FRG'S WISH TO MAINTAIN ITS POSITION IN HELICOPTER  
TECHNOLOGY.

5. CONCLUSION: FROM THE BONN PERSPECTIVE, THE EVENTUAL  
SUCCESS OF THE MBB BO-115 PROJECT IN THE FRG DOES NOT  
LOOK AS QUESTIONABLE AS COUNT AGUSTA CLAIMS. THUS, THE  
U.S. SHOULD BE PARTICULARLY CAREFUL NOT REPEAT NOT TO  
INVOLVE ITSELF IN A PROBLEM WHICH COULD

CAUSE DIFFICULTIES BOTH WITH AMERICAN MANUFACTURERS AND  
WITH ITS MAJOR NATO ALLY, THE FEDERAL REPUBLIC.

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